

Proving bad faith: What lessons to be learned to reclaim trademarks in Vietnam?

Reclaiming a trademark through [opposition or invalidation procedures](#) is never simple, especially when the rightful owner has not registered the trademark in their target market. Nevertheless, a Turkish company successfully regained its trademark in the European Union through invalidation proceedings, despite not holding any pre-existing trademark rights there. The company's registration had been made in bad faith by a third party. This case features many noteworthy details. The rulings from the two competent EU authorities demonstrated an open approach and a reasonable application of the law, effectively restoring the legitimate owner's trademark rights. This decision also contributes to the ongoing efforts to combat trademark squatting - a problem that is increasingly prevalent and evolving.

KENFOX IP & Law Office provides insights into the complex trademark dispute mentioned above, offering guidance for trademark owners who seek to protect their trademarks in Vietnam from malicious registration attempts.

Background

D-MARKET Elektronik Hizmetler ve Ticaret Anonim Sirketi (Hepsiburada), the owner of the website www.hepsiburada.com, which is a major Turkish e-commerce platform, had previously registered the trademark "hepsiburada" in Turkey. The Company offers electronic, fashion, home living, stationery, sports, outdoor, cosmetics, and personal care products. Hepsiburada serves customers in Turkey.

On November 6, 2019, D-Market Elektronik Hizmetler ve Ticaret AS filed an application with the EUIPO for a declaration of [invalidity for the trademark](#) "hepsiburada", registered in 2017 by Dendiki BV ("Applicant"), an establishment in the Netherlands.

Subsequently, a third party applied to register the mark "hepsiburada" as a European Union Trade Mark (EUTM) for specific goods and services categorized under Classes 21 and 35. These classes typically include household items and their retail and wholesale services.

The genuine owner of the "hepsiburada" trademark, who is also the owner of the website, filed an application for a declaration of invalidity against the EUTM registration of "hepsiburada".

Rulings

The Cancellation Division and the Board of Appeal, (body within the European Union Intellectual Property Office (EUIPO)) examined the case and concluded that the EUTM was filed in bad faith under Article 59(1)(b) of the EU Trade Mark Regulation (EUTMR).

On **21/02/2024**, the General Court (**GC**), which is a constituent court of the Court of Justice of the European Union, reviewed the decision made by The Cancellation Division and the Board of Appeal and agreed with it. The GC's role was to ensure that the legal process and interpretation adhered to EU law, confirming that the EUTM was indeed registered in bad faith.

When the GC is determining whether a trademark registration was made in bad faith, it considers various factors including the reputation of the earlier trademark. In this case, even if the earlier mark is well-known outside of the EU - for example, in Turkey - that reputation can be considered in the bad faith assessment. However, the fact that this earlier mark might not be well-known within the EU does not negatively impact or is not relevant to the assessment of bad faith. This principle allows for a broader and more comprehensive evaluation of the circumstances surrounding the trademark's registration, acknowledging that the influence and recognition of a mark can extend beyond the EU's borders and still be relevant for legal considerations within the EU.

The GC finds that, even if there was no established connection or commercial relationship between the parties involved, the predecessor-in-title to the European Union Trade Mark (EUTM) proprietor was aware of the use of the sign "hepsiburada" for online retail services in Turkey. This awareness is considered significant in legal terms. Typically, a direct link or relationship between the parties might directly indicate knowledge of the prior use of a trademark. However, in this case, the GC clarified that even without such a direct link, the awareness of the use of 'hepsiburada' in Turkey by the EUTM proprietor's predecessor is sufficient to suggest knowledge. This implies that knowledge of the trademark's use, regardless of a direct commercial link, can still be a critical factor in legal assessments, particularly in cases dealing with claims of bad faith in trademark registrations.

First, the contested mark was filed by a company active in the e-commerce sector – the same industry with the legitimate trademark owner. Second, the director of the EUTM - Dendiki BV (the Netherlands) was a Turkish citizen residing in Istanbul who was also the director of a Turkish company operating in the retail sector. Third, the filing of a sign derived from Turkish words implied that the mark was targeted, in particular, at Turkish-speaking consumers and suggested a knowledge of that language (§ 53-55).

Considering the reputation of the earlier Turkish mark and of the e-commerce platform “hespisburada”, the fact the company that filed the contested EUTM also applied for other EUTMs corresponding to the Turkish websites of third parties indicates that the similarity between the marks at issue is not fortuitous. The contested EUTM was filed to take unfair advantage of the earlier Turkish marks and block the invalidity applicant from gaining access to the EU market (§ 59-62)

In a broader sense, it is reasonable to affirm the following:

- **Industry and applicant background:** The contested trademark was filed by a company that operates in the e-commerce sector. This indicates that the company has familiarity with the market landscape related to online commerce.
- **Connection to Turkey:** The director of the company filing the trademark is a Turkish citizen who resides in Istanbul and also holds a directorial position at another Turkish company in the retail sector. This indicates a strong link between the person responsible for the trademark and the Turkish market, suggesting that they have significant business activities and interests in Turkey.
- **Linguistic and Market Targeting:** The trademark in question is derived from Turkish words. This choice of words implies that the trademark was specifically aimed at Turkish-speaking consumers, indicating a deliberate targeting of that demographic. The use of the Turkish language in the trademark also implies that the director and by extension, the company, have knowledge of the Turkish language, which supports the idea that their actions in filing the trademark were calculated and informed by their understanding of the Turkish market.

[Sub-conclusion 1]: Overall, these points collectively suggest that the company and its director were likely aware of the commercial implications of their actions in the Turkish market when they filed the trademark, and this could potentially support a claim of bad faith if the trademark's filing was intended to capitalize on or interfere with established rights or market presence in Turkey.

- **Reputation of the Earlier Turkish Mark and Platform:** The court considers the reputation of the earlier Turkish mark and the associated e-commerce platform named "hespisburada". [The recognition and established market](#) presence of this platform and mark in Turkey are significant factors in assessing the intentions behind the contested trademark filing.
- **Filing Patterns Indicative of Intent:** The company that filed the contested EUTM had also applied for other EUTMs that correspond to the Turkish websites of third parties. This pattern of behavior suggests strategic trademark applications that replicate or closely mimic established Turkish online business brands.
- **Non-Fortuitous Similarity Between the Marks:** The similarity between the marks in question — the contested EUTM and the earlier Turkish marks — is deemed non-coincidental. This implies that the resemblance was intentional rather than accidental, pointing to deliberate action on the part of the EUTM filer.
- **Objective of the Contested Filing:** The ultimate finding is that the contested EUTM was likely filed with the motive to take unfair advantage of the reputation of the earlier Turkish marks. Additionally, the filing was intended to obstruct the legitimate trademark owner (the owner of the original Turkish marks) from entering or expanding within the EU market. This is considered an [act of bad faith](#), as it aims to capitalize on the established value of another's brand and hinder their business opportunities.

[Sub-conclusion 2]: The EUTM was filed not out of innocent business expansion but with the intent to exploit the existing goodwill of established Turkish brands and to restrict those brands' access to the EU marketplace. This use of trademark registration as a competitive weapon rather than a legitimate business tool. This forms the basis for declaring the EUTM invalid.

Practical lessons

[1] Criteria for determining bad faith:

The above case addresses the question of “**Whether a trademark that lacks a reputation can still be reclaimed?**”. It clarifies that a trademark does not need to be well-known in the country where it is registered with bad intentions. Furthermore, proving bad faith does not require a direct relationship between the legitimate trademark owner and the applicant. Even indirect evidence can establish that the applicant intended to misappropriate the intellectual property of others. This progressive approach allows for fair and reasonable judgments that favor the true trademark owner, thereby creating favorable conditions for investment, business activities, and healthy economic development.

[2] How to prove bad faith:

The above dispute sets a useful precedent for legitimate trademark owners in Vietnam seeking to reclaim their trademarks that were registered in [bad faith by a third party](#). To successfully reclaim trademark rights by proving the applicant's bad faith (malicious), it is crucial for the rightful trademark owner to thoroughly prepare necessary information and documents, including:

- (i) proof of legal ownership of the disputed mark,
- (ii) evidence of prior use of the mark before the other party's application for registration,
- (iii) a rebuttal of the other party's claim of ignorance about the mark's existence,
- (iv) evidence of the mark's recognition and reputation in the market, and
- (v) the relationship between the legitimate trademark owner and [the dishonest applicant](#) must be clearly demonstrated

Please reach out to KENFOX IP & Law Office for advice on handling bad faith trademark registrations and strategies for [successfully reclaiming your trademark rights](#) in cases of bad faith, to optimally protect your legitimate rights and interests in Vietnam.

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